



**STATEMENT OF PROCEEDINGS
FOR THE REGULAR MEETING OF THE
LOS ANGELES COUNTY AUDIT COMMITTEE**

**KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012**

Thursday, January 24, 2013

10:30 AM

AUDIO LINK FOR THE ENTIRE MEETING. (13-0560)

Attachments: [AUDIO LINK](#)

Present: Chair Dorinne Jordan, Member Louisa Ollague, Member Genie Chough and Member Lori Glasgow

Absent: Vice Chair Carl Gallucci

Call to Order. (13-0368)

The meeting was called to order by Dorinne Jordan at 10:30 a.m.

I. ADMINISTRATIVE MATTER

1. Approval of the December 12, 2012 meeting minutes. (13-0371)

On motion of Genie Chough, seconded by Lori Glasgow, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

II. BOARD POLICIES

2. Recommendation to approve amendment to Board Policy No. 9.070 - Overtime Policy, by extending the sunset review date to April 1, 2017 (12/20/12). (13-0118)

On motion of Genie Chough, seconded by Lori Glasgow, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

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3. Recommendation to approve amendments to Board Policy No. 4.060 - Contract Expenditure Reduction Flexibility and extend the sunset review date to March 31, 2017 (12/26/12). (13-0128)

On motion of Genie Chough, seconded by Lori Glasgow, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

4. Recommendation to approve amendment to Board Policy No. 5.135 - County Contractor Notification to Contract Employees Regarding the Newborn Abandonment Law (SB 1368) (The Safety Surrender Baby Law) to extend the sunset review date to March 20, 2017 (12/26/12). (13-0143)

On motion of Genie Chough, seconded by Lori Glasgow, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

5. Recommendation to amend the following Board Policies by extending the sunset review date to July 13, 2013:
- 6.100 - Information Technology and Security Policy
 - 6.101 - Use of County Information Technology Resources
 - 6.102 - Countywide Antivirus Security Policy
 - 6.103 - Countywide Computer Security Threat Responses
 - 6.104 - Use of Electronic Mail (e-mail) by County Employees
 - 6.105 - Internet Usage Policy
 - 6.106 - Physical Security
 - 6.107 - Information Technology Risk Assessment
 - 6.108 - Auditing and Compliance (12/19/12) (Continued from meeting of 1/24/13). (13-0137)

Dorinne Jordan indicated that these policies needed to be discussed with IT Deputies prior to approval.

On motion of Genie Chough, seconded by Lori Glasgow, this item was continued to February 28, 2013.

Attachments: [SUPPORTING DOCUMENT](#)

6. Recommendation to approve amendment to Board Policy No. 9.080 - Solicitation Activities By Registered And Certified Employee Organizations, by extending the sunset review date to March 1, 2017 (12/20/12). (13-0428)

On motion of Lori Glasgow, seconded by Genie Chough, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

7. Recommendation to approve amendments to Board Policy No. 9.120 - Employment of Qualified GAIN/GROW Participants - County Departments, and extend the sunset review date to March 31, 2016 (1/9/13) (Continued from meeting of 1/24/13). (13-0414)

On motion of Genie Chough, seconded by Lori Glasgow, this item was continued to February 28, 2013.

Attachments: [SUPPORTING DOCUMENT](#)

8. Recommendation to approve amendment to Board Policy No. 3.140 - Media Policy Guidelines for Departments, by extending the sunset review date to March 29, 2023 (1/10/13) (Continued from meeting of 1/24/13). (13-0387)

On motion of Genie Chough, seconded by Lori Glasgow, this item was continued to February 28, 2013.

Attachments: [SUPPORTING DOCUMENT](#)

9. Recommendation to approve amendment to Board Policy No. 3.050 - Identification Cards and extend the sunset review date to March 31, 2017 (1/11/13) (Continued from meeting of 1/24/13). (13-0413)

Louisa Ollague requested a copy of the annual survey review.

Glenda Wina, Chief Executive Office, reported that the review is being finalized and a copy will be provided upon completion.

On motion of Louisa Ollague, seconded by Lori Glasgow, this item was continued to February 28, 2013.

Attachments: [SUPPORTING DOCUMENT](#)

10. Recommendation to approve amendments to Board Policy 5.054 - Evaluation Methodology for Proposals and extend the sunset review date to March 31, 2017 (1/14/13) (Continued from meeting of 1/24/13). (13-0412)

On motion of Genie Chough, seconded by Lori Glasgow, this item was continued to February 28, 2013.

Attachments: [SUPPORTING DOCUMENT](#)

III. OLD BUSINESS

11. Recommendation to approve proposed Board Policy entitled, County Filming Policy, for submission to the Board of Supervisors for final action (9/24/12) (Continued from meetings of 10/25/12 and 12/12/12). (12-4579)

Frank Cheng, Chief Executive Office (CEO), informed the Commission that this item is a result of a Board motion made by Supervisor Knabe at the July 24, 2012 Board of Supervisors meeting. The purpose of the proposed County Filming Policy is to be able to provide specific guidelines relating to the Film Industry in one location. Mr. Cheng also stated that the Southern California Association of Governments (SCAG) adopted a resolution to encourage cities to adopt similar ordinances related to the Film Industry.

At the request of member Lori Glasgow, Mr. Cheng confirmed there is no inconsistency between the policy and the way business is conducted.

In response to member Louisa Ollague, Mr. Cheng explained that the Los Angeles County Code provides specific details on various fee schedules, environmental protection exemptions, inspection fees, and activity from Public Works, Law Enforcement and Fire Department.

On motion of Louisa Ollague, seconded by Genie Chough, this item was duly carried by the following vote:

Ayes: 3 - Chair Dorinne Jordan, Member Louisa Ollague and Member Genie Chough

Abstentions: 1 - Member Lori Glasgow

Attachments: [SUPPORTING DOCUMENT](#)

12. Recommendation to approve substantive changes to Board Policy No. 6.020 - Chief Information Office Board Letter Approval, extend the sunset review date to December 31, 2016 and submit to the Board of Supervisors for final action (10/18/12) (Continued from meetings of 10/25/12, 12/12/12 and 1/24/13). (12-4890)

Genie Chough advised Robert Pittman, Chief Information Office, that this item would need to be discussed in the Operations Clusters before it is approved by the Audit Committee.

On motion of Genie Chough, seconded by Lori Glasgow, this item was continued to February 28, 2013.

Attachments: [SUPPORTING DOCUMENT](#)

13. Recommendation to approve substantive changes to Board Policy No. 9.110 - Employment Eligibility Verification Program (E-VERIFY) (Formerly known as INS Basic Employment Pilot), extend the sunset review date to November 30, 2016 and submit to the Board of Supervisors for final action (11/5/12) (Continued from meetings of 12/12/12 and 1/24/13). (12-5454)

On motion of Genie Chough, seconded by Lori Glasgow, this item was continued to February 28, 2013.

Attachments: [SUPPORTING DOCUMENT](#)

14. AIDS Healthcare Foundation, Inc. - A Department of Public Health HIV/AIDS care and Prevention Service Contract Provider (8/16/12) (Continued from meetings of 10/25/12, 12/12/12 and 1/24/13). (12-3883)

On motion of Genie Chough, seconded by Lori Glasgow, this item was continued to February 28, 2013.

Attachments: [SUPPORTING DOCUMENT](#)

15. Gateways Hospital and Mental Health Center - A Department of Mental Health and Department of Children and Family Services Provider - Contract Compliance Review - Fiscal Years 2010-11 and 2011-12 (11/7/12) (Continued from meetings of 12/12/12). (12-5513)

On motion of Lori Glasgow, seconded by Genie Chough, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

- 16.** Southern California Alcohol and Drug Programs, Inc. - A Department of Public Social Services Domestic Violence Supportive Services and Community Service Block Grant Programs Provider - Follow-Up Review (11/19/12) (Continued from meetings of 12/12/12 and 1/24/13). (12-5515)

Items 16, 22 and 37 were discussed jointly under Item 16.

Aggie Alonso, Auditor-Controller (A-C), reported on Southern California Alcohol and Drug Programs, Inc. (SCADP). Mr. Alonso stated that serious deficiencies with their accounting, revenue and expenditures were found and only one out of eight recommendations had been implemented. SCADP has recently submitted an acceptable revised Cost Allocation Plan to the Department of Public and Social Services (DPSS) however they have not put the plan into practice.

Gary Akopyan, DPSS, reported that they are currently working with SCADP on resolving their outstanding issues by helping them to implement the recommendations. Mr. Akopyan indicated that the next couple of weeks will determine if the Department will place the agency on the Contractor Alert Reporting Database (CARD) during the resolution process.

In response to Chair Dorinne Jordan, Mr. Akopyan confirmed that the contract term for SCADP will expire in June 30, 2013.

Discussion on contract agencies and terms ensued.

At the request of member Louisa Ollague, Mr. Alonso will provide information on other County Departments SCADP may have contracts with. Maria Rodriguez, DPSS, indicated that SCADP did not have the adequate technical resources. Ms. Rodriguez explained that the concern with SCADP was that the employee who was responsible for the agency's accounting system has retired and present employees are not familiar with the system. Ms. Rodriguez added that SCADP is making an effort to move forward and has implemented a new accounting system.

Mr. Alonso stated that the focal point of the issue is that SCADP did not track expenditures by programs therefore they were unable to justify claimed expenses.

Louisa Ollague questioned if this was the first time the A-C noticed these type of accounting failures. Mr. Alonso indicated that this is the first time SCADP was reviewed since Domestic Violence (DV) contracts transferred from CSS to DPSS. The reviews are split between DPSS and A-C with the A-C performing the high risk reviews. Ms. Rodriguez indicated that under the DV supportive services contract referrals come directly from DPSS.

Mr. Akopyan identified the types of services offered; crisis intervention, counseling, education, therapy, shelter and legal assistance. Member Louisa Ollague requested DPSS provide a list of cases that DPSS referred to SCADP. Ms. Rodriguez confirmed that all contracts are monitored on an annual basis. Mr. Akopyan added that contracts that are classified as high risk are monitored on a more frequent basis.

Discussion on various types of audits and monitoring ensued.

Mr. Akopyan reported that Agenda No. 22 is a new report.

Genie Chough expressed concern over the legitimacy of the Executive Director's loan. Mr. Alonso stated that cancelled checks from the Executive Director to the agency were found. Princess Nelson, A-C explained that no accurate records related to the loans were kept, no loan documents and no repayment schedule. However the agency has provided DPSS with a corrective action plan and they have agreed to provide DPSS with an agreement for loans if needed in the future. Ms. Nelson confirmed that the added amount on the canceled checks did not total up to the amount expressed by the Executive Director.

Genie Chough questioned the Auditor-Controller's threshold for audit investigations. Mr. Alonso stated that there is no specific threshold, just the use of professional judgment. Jim Schneiderman, A-C explained that canceled checks from the Executive Director to pay certain accounts were found. Mr. Alonso confirmed that all of the canceled checks found have been questioned.

Discussion on increased contract monitoring and stringent document recording ensued.

In response to Chair Dorinne Jordan, Mr. Alonso confirmed that these types of loan practices are not very common within the DV contracts. Don Chadwick, A-C explained that the DV contract reviews are new and the issues are addressed as they arise.

At the request of member Louisa Ollague, Mr. Alonso agreed on providing quarterly updates and discussions regarding best practices for contracted agencies.

Mr. Chadwick explained the importance of partnership between the contracted agencies and DPSS. Mr. Akopyan explained the difficulty of having to enforce general accounting practices to contract agencies with inadequate resources.

Louisa Ollague requested DPSS provide dollar amounts on their chart depicting contract agencies. Chair Dorinne Jordan also requested DPSS continue this discussion at the quarterly meeting, Mr. Akopyan agreed.

On motion of Genie Chough, seconded by Lori Glasgow, items 16, 22 and 37 were continued to February 28, 2013.

Attachments: [SUPPORTING DOCUMENT](#)

- 17.** City of Compton - Compton Careerlink - A Community and Senior Services' Workforce Investment Act Program Contract Service Provider - Contract Compliance Review - Fiscal Year 2011-12 (11/19/12) (Continued from meeting of 12/12/12). (12-5516)

On motion of Lori Glasgow, seconded by Genie Chough, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

- 18.** Fiscal Year 2012-13 First Quarter Report on Audit-Related Funding Transferred from General Fund Departments (12/03/12) (Continued from meeting of 12/12/12). (12-5649)

On motion of Lori Glasgow, seconded by Genie Chough, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

IV. REPORTS

- 19.** Proposition A Contracts - Internal Services Department Custodial Services Contracts - Regions 1, 2, 3, 4, and 6 (Board Agenda Item 16, December 11, 2012) (12/6/12). (12-5827)

On motion of Lori Glasgow, seconded by Genie Chough, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

20. Extension for Review of Community Development Commission's Fleet Management Contract (Board Agenda Item 63-B, December 4, 2012) (12/10/12) (Continued from meeting of 1/24/13). (12-5828)

Jim Schneiderman, Auditor-Controller, reported that the Community Development Commission (CDC) anticipates having a response to the findings, along with a Corrective Action Plan, ready for the next Audit Committee meeting.

Lori Glasgow expressed concern with the findings and requested that the CDC Director be present at the next Audit Committee meeting.

On motion of Lori Glasgow, seconded by Genie Chough, this item was continued to February 28, 2013.

Attachments: [SUPPORTING DOCUMENT](#)

21. Status Report - Extension Request for Fire Protection District Budget and Financial Position Review (Board Agenda Item 45, September 4, 2012) (12/20/12). (13-0097)

On motion of Lori Glasgow, seconded by Genie Chough, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

22. Project: Peacemakers, Inc. - A Department of Public Social Services Domestic Violence Supportive Services Program Provider - Contract Compliance Review Fiscal Years 2010-22 and 2011-12 (12/26/12) (Continued from meeting of 1/24/13). (13-0151)

This item was discussed under Item 16.

On motion of Genie Chough, seconded by Lori Glasgow, this item was continued to February 28, 2013.

Attachments: [SUPPORTING DOCUMENT](#)

23. Asian Pacific American Legal Center - A Department of Public Social Services Domestic Violence Supportive Services Program Provider - Contract Compliance Review - Fiscal Years 2010-11 and 2011-12 (12/26/12). (13-0152)

On motion of Lori Glasgow, seconded by Genie Chough, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

- 24.** Step Up On Second Street - A Department of Mental Health Contract Service Provider - Program Review - Fiscal Year 2010-11 (12/26/12). (13-0158)

Dorinne Jordan expressed concern about outstanding audit recommendations that appear not to have been implemented by the provider and asked about the protocol to follow when providers fail to implement audit recommendations.

Elaine Boyd, Auditor-Controller, reported that the agency will be providing additional training for their staff and anticipates the implementation of all recommendations by February 1, 2013.

Dorinne Jordan requested a follow up report reflecting implementations made.

Don Chadwick, Auditor-Controller, advised that DMH provides a quarterly status update of all the audit recommendations and the report for this agency will be included on the next agenda.

On motion of Lori Glasgow, seconded by Genie Chough, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

- 25.** Phoenix Houses of Los Angeles, Inc. - A Department of Public Social Services Community Services Block Grant Program Provider - Contract Compliance Review (12/26/12). (13-0176)

On motion of Lori Glasgow, seconded by Genie Chough, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

- 26.** Office of the Assessor - Management Audit (Board Agenda Item 36-A, April 10, 2012) (1/3/13). (13-0282)

Items 26 and 34 were discussed jointly.

Lori Glasgow expressed concern regarding funds requested to purchase a new Assessor's office computer system and asked Assessor staff if there are steps being taken to determine if there is an existing system, within other County departments, that may be utilized instead.

Santos Kreimann, Chief Deputy Assessor, reported that the current system needs to be replaced and that the previous initiative to modify

the existing system was very cumbersome and failed to meet standards. In addition, negotiations have been put in place with Orange County, in order to determine if a transition of their system would fulfill the requirements needed to exchange information, via interfacing, between the Assessor's Office, the Auditor-Controller, the Treasurer and Tax Controller and the Registrar-Recorder/County Clerk. Mr. Kreimann continued by reporting that collaborative efforts have been executed in conjunction with the Auditor-Controller and the Chief Information Office to identify an enterprise architect that will fulfill specifications and a work order is anticipated to be included under the master agreement by February 2013.

Lori Glasgow referenced the report and posed questions with regard to disproportionate resources used on unsecured property and the need to have onsite observation of the properties instead of spot audits.

Sharon Moller, Assistant Assessor, reported that currently everything over \$2,000 is assessed. She provided a brief overview of field studies and the elements that could be missed if they were not conducted.

Mr. Kreimann added that although there are now forms available that may be filed electronically, there is still a need for field work due to the large amount of businesses that do not utilize this method.

Discussion ensued about the need for field work and how a new system would impact onsite assessments.

Mr. Kreimann reported that the strategic planning is anticipated to be completed by February 15, 2013.

Jim Schneiderman, Auditor-Controller, advised that the review of Business Operations for the Assessor's office will be included in the February 28, 2013 Audit Committee agenda and the following audits are being conducted:

- Secured Property Tax System
- Unsecured Property Tax System
- Properties with decline in value

On motion of Genie Chough, seconded by Louisa Ollague, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

27. Audit of the Los Angeles County Regional Park and Open Space District for the year ended June 30, 2012 (1/4/13) (Continued from meeting of 1/24/13). (13-0303)

On motion of Genie Chough, seconded by Lori Glasgow, this item was continued to February 28, 2013.

Attachments: [SUPPORTING DOCUMENT](#)

28. Foothill AIDS Project - A Department of Public Health HIV/AIDS Prevention and Care Service Provider - Contract Compliance Review (1/14/13). (13-0415)

On motion of Lori Glasgow, seconded by Genie Chough, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

29. Review of the County Treasurer's Statements of Net Assets for the Quarter Ended March 31, 2012 (1/14/13). (13-0416)

On motion of Lori Glasgow, seconded by Genie Chough, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

30. Community and Senior Services - Reviews of Workforce Investment Act (WIA) Service Providers - Fiscal Year 2010-11 Summary Report (1/16/13). (13-0440)

On motion of Lori Glasgow, seconded by Genie Chough, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

31. Centers for Innovation in Health, Mental Health, and Social Services, DBA Prototypes - A Department of Mental Health and Department of Public Health Contract Service Provider - Contract Compliance Review - Fiscal Years 2009-10-2010-11 and 2011-12 (1/16/13). (13-0442)

On motion of Genie Chough, seconded by Lori Glasgow, this item was continued to February 28, 2013.

Attachments: [SUPPORTING DOCUMENT](#)

32. Valley Community Clinic - A Department of Public Health HIV/AIDS Care and Prevention Service Contract Provider - Fiscal Review (1/17/13). (13-0456)

On motion of Lori Glasgow, seconded by Genie Chough, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

V. DISCUSSIONS

33. Revising the Living Wage Rate Calculation Methodology (7/10/12) (Continued from meetings of 8/16/12, 10/25/12 and 12/12/12). (12-3753)

Don Chadwick, Auditor-Controller asked that this item be referred back and stated that a revised version of the Living Wage Rate will be provided at a future meeting.

On motion of Genie Chough, seconded by Lori Glasgow, this item was referred back to the Auditor-Controller.

Attachments: [SUPPORTING DOCUMENT](#)

34. Status update by the Office of the Assessor, on the implementation of recommendations related to compliance with Board Information Technology and Security Policies as requested at the meeting of 10/25/2012 (Continued from meeting of 12/12/12). (12-5226)

This Item was discussed under Item 26.

Genie Chough expressed concern about the responses provided by the Assessor's office with regard to findings reflected in the report and asked Assessor's staff to provide further details about the process that has been put in place to handle the purchase of unnecessary IT equipment.

George Renkei, Assistant Assessor, reported that the process consists of a count of current inventory before any purchases are made.

Santos Kreimann, Chief Deputy Assessor, reported that a new Administrative Deputy will be responsible for the controls of the purchase orders and a new system will be put in place to track and channel all purchases through a budget process that will determine if the orders are feasible.

Genie Chough requested an updated list of all of the positions at the Assessor's office that have two or more computers assigned to them and

asked Assessor's staff to clarify an incident that occurred with surplus equipment that was said to be hidden from the Auditors.

Mr. Renkei indicated that there was confusion between surplus and salvage equipment.

Mr. Kreimann reported that managers have been notified of the importance of cooperating with any audit process and in an effort to implement identified values from the department's strategic planning; disciplinary actions have been taken however, it will take time to retrain and change the culture of the department.

Dorinne Jordan expressed her concern with regard to the possible intentional actions by the Assessor's office to mislead the auditors in the audit process and asked Assessor staff to elaborate on the training and counseling that has been put into practice.

Mr. Kreimann reported that it is very difficult to discipline those individuals who were dishonest because they were not identified in the audit report, but talks have been established with managers to emphasize what is expected. Mr. Kreimann asked Jim Schneiderman, Auditor-Controller, to provide him with a list of names of the individuals who delayed the audit process.

Jim Schneiderman reported that during the management audit, Assessor staff were very cooperative and believes it reflects the cultural change within the Department.

Mr. Kreimann provided a brief overview of the new Administrative Deputy, Steven Hernandez, and reported that in addition to assisting with upcoming requests for proposals and requests for information for the upgrades of the legacy system, Mr. Hernandez will also be working in conjunction with individuals in quality assurance to review business operations and provide recommendations when needed.

35. Review and discussion of Committees and Commissions that do not require a sunset review date (Continued from meetings of 10/25/12, 12/12/12 and 1/24/13). (12-3918)

On motion of Lori Glasgow, seconded by Louisa Ollague, this item was continued to February 28, 2013.

Attachments: [SUPPORTING DOCUMENT](#)

36. Discussion on the need for seven new Information Technology (IT) Auditors, requested by the Auditor-Controller, and alternatives to fund such positions. (13-0096)

Jim Schneiderman, Auditor-Controller (A-C), reported that due to the growing number of IT audits, staff is being taken from existing resources and this may create a delay in the completion of other audits.

Robert Campbell, A-C, reported that there are potential risks in not being able to process audits in a timely manner and stated that the new Information Technology Auditor positions have been placed in the budget request.

37. Department of Public Social Services - Domestic Violence Audit Resolution Follow-Up. (13-0417)

This item was discussed under Item 16.

On motion of Genie Chough, seconded by Lori Glasgow, this item was continued to February 28, 2013.

38. Pending Audits/Monitoring Reports. (13-0384)

There were no matters discussed on this item.

39. Fiscal Year 2012-2013 Cash Flow Projection. (13-0078)

On motion of Lori Glasgow, seconded by Genie Chough, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

VI. MISCELLANEOUS

40. Matters not on the posted agenda (to be Presented and Placed on the Agenda of a Future Meeting). (13-0369)

There were no matters discussed on this item.

41. Public Comment. (13-0370)

No members of the public addressed the Committee.

42. Adjournment. (13-0372)

There being no further business to discuss, the meeting adjourned at 12:30 p.m.